

A scenic view of a large stone arch bridge spanning a river. The bridge is constructed from light-colored stone blocks and features a series of large, rounded arches. In the background, a city skyline is visible, including several tall buildings and a prominent blue skyscraper. The sky is a clear, vibrant blue. The water in the foreground is calm, reflecting the bridge and the city. The overall scene is bright and clear, suggesting a sunny day.

Overview of 2011 Comprehensive Annual Financial Report (CAFR)

PURPOSE OF PRESENTATION

- To provide an overview of how the CAFR is organized and a guide to the information that is available to you as a user of the report
and
- To help you understand what a valuable tool the CAFR can be in helping both City officials and investors to make sound and informed financial decisions.



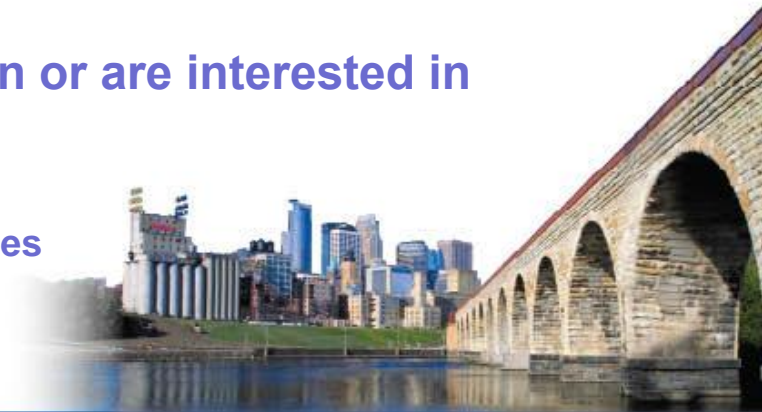
INTRODUCTION TO THE CAFR

- Is a thorough, detailed presentation of the City's financial position and activities for the year.
 - Can be compared to a public company's annual report
- Prepared using generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB)
 - Consistency and comparability
 - GASB 34 reporting standards - 2003
- Provides an independently audited accounting of the financial condition of the City:
 - Office of the State Auditor
 - Received unqualified opinion, highest obtainable



INTRODUCTION TO THE CAFR (cont'd.)

- **Awarded the Certificate of Achievement for Excellence in Financial Reporting by the GFOA:**
 - Received for 42 years
 - Expect to receive for 2011
- **Importance and value**
 - Used internally to report on financial condition to City's executive management and Council.
 - Used to inform constituency and public on how the City is managing its tax revenues and the programs it is spending them on.
 - Used to inform those who “invest” in or are interested in investing in the city:
 - Bondholders/Bond rating agencies/SEC
 - Federal/State and County funding agencies
 - Regulatory bodies



INTRODUCTION TO THE CAFR (cont'd.)

- **Introductory Section (pages iv – xi)**
 - *Transmittal Letter*
 - **Organization Chart/Mayor and Council**
 - **Certificate of Achievement**
- **Financial Section (pages 1 – 126)**
 - **Independent Auditor's Report**
 - *Management's Discussion and Analysis (MD&A)*
 - *Basic Financial Statements*
 - Government-Wide Financial Statements
 - Fund Financial Statements
 - Notes to the Financial Statement
 - **Required Supplementary Information**
 - **Other Supplementary Information**
- *Statistical Section (pages 127 – 149)*
 - **Mostly trend data and nonfinancial information.**
 - **Useful in assessing the City's financial condition.**



TRANSMITTAL LETTER

- Annual communication from City management to the readers of the CAFR.
- Includes an overview of the City's stewardship and accountability and the need for a comprehensive framework of internal controls.
- Provides a profile of the City and its services.
- Describes the Reporting Entity which includes all funds of the City ("primary government") and its component units - separate legal entities that are an essential part of the City's reporting structure.
- Highlights certain financial policies and debt management practices that have earned the City the highest bond ratings.
- Finishes with awards and acknowledgements.



MANAGEMENT'S DISCUSSION AND ANALYSIS

- Provides an executive summary of the CAFR.
- Is designed to be an *objective* and easily readable *analysis* of the City's financial activities.
- Should be read in conjunction with transmittal letter and basic financial statements.
- Begins with financial highlights followed by a general overview of the financial statements.
- Includes comparative financial analysis at the government-wide level and of individual funds with budgetary highlights.
- Ends with summary information on capital assets and debt administration, historical and long-term financial planning, and an overview of economic factors along with information relating to next year's operating and capital budgets.



BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS

- Offers a vision of the City as a single, integrated financial reporting unit.
- Designed to provide readers with a broad overview of City's finances in a manner similar to a private-sector business:
 - Consolidated financial statements with elimination of interfund balances and activity including interfund allocations of overhead and other indirect costs;
 - Full accrual basis of accounting;
 - Presentation of all assets and liabilities: capital assets, infrastructure, long-term debt.
- Facilitates assessment of *operational* accountability as well as *fiscal* accountability.
- Two basic government-wide statements:
 - Statement of Net Assets [Balance Sheet]
 - Statement of Activities [Operating Statement]



GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont'd.)

- Reporting structure on government-wide basis:
 - “Primary government”
 - Governmental Activities
 - Business-type Activities
 - Component Units
 - Legally separate entities for which the City is financially accountable, *and*
 - Have substantially the same board as the City [*discreetly presented*]
ex: Minneapolis Park and Recreation Board (Park Board);
Municipal Building Commission (MBC); Meet Minneapolis
or
 - Provide services almost entirely to the primary government [*blended*]
ex: Board of Estimate and Taxation (BET)



STATEMENT OF NET ASSETS

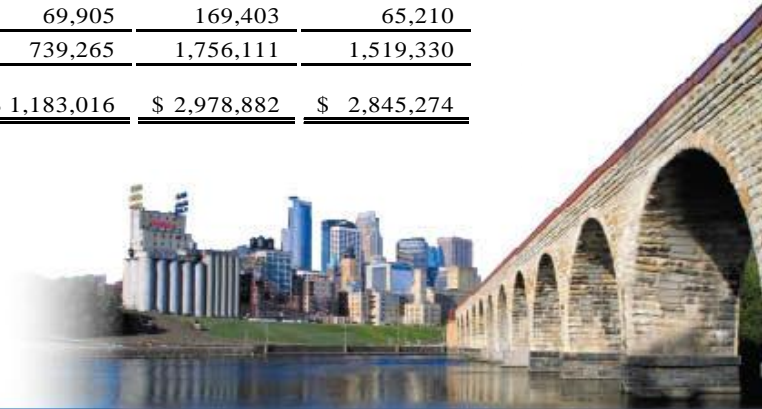
- Statement on City's financial position at a point in time.
- Presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*.
- Net assets presented in three categories:
 - Invested in capital, net of related debt
 - Restricted net assets
 - Unrestricted net assets
- Total assets of the City exceeded total liabilities at the close of 2011 by \$1.756 billion (*net assets*) of which \$169.4 million were unrestricted.



STATEMENT OF NET ASSETS (cont'd.)

Statement of Net Assets December 31, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 674,225	\$ 631,081	\$ 245,442	\$ 243,174	\$ 919,667	\$ 874,255
Capital assets	1,099,001	1,031,177	960,214	939,842	2,059,215	1,971,019
Total assets	<u>\$1,773,226</u>	<u>\$ 1,662,258</u>	<u>\$ 1,205,656</u>	<u>\$ 1,183,016</u>	<u>\$ 2,978,882</u>	<u>\$ 2,845,274</u>
Current and other liabilities	\$ 142,287	\$ 141,663	\$ 56,867	\$ 62,192	\$ 199,154	\$ 203,855
Long-term liabilities	654,532	740,530	369,085	381,559	1,023,617	1,122,089
Total liabilities	<u>796,819</u>	<u>882,193</u>	<u>425,952</u>	<u>443,751</u>	<u>1,222,771</u>	<u>1,325,944</u>
Net assets:						
Invested in capital, net of related debt	691,926	631,808	666,986	634,686	1,358,912	1,266,494
Restricted net assets	192,829	152,952	34,967	34,674	227,796	187,626
Unrestricted net assets	91,652	(4,695)	77,751	69,905	169,403	65,210
Total net assets	<u>976,407</u>	<u>780,065</u>	<u>779,704</u>	<u>739,265</u>	<u>1,756,111</u>	<u>1,519,330</u>
Total liabilities and net assets	<u>\$1,773,226</u>	<u>\$ 1,662,258</u>	<u>\$ 1,205,656</u>	<u>\$ 1,183,016</u>	<u>\$ 2,978,882</u>	<u>\$ 2,845,274</u>



STATEMENT OF ACTIVITIES

- Presents information on how the City's net assets changed during the year.
- Because state and local government entities are interested primarily in providing services, the statement focuses on the cost or *expense* of doing so: Program expenses – Program revenues =
Net (Expense) Revenue by Program Activity
- Information is presented by program activity in a format that allows the reader to see the amount of general revenues needed to support the program activities, if any.

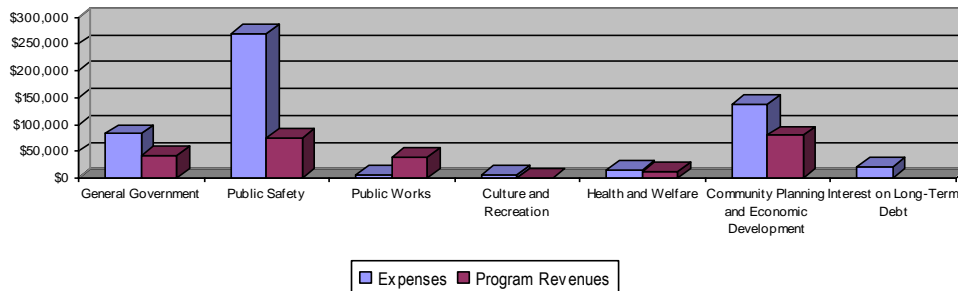


STATEMENT OF ACTIVITIES (cont'd.)

Summary of expenses and program revenues - Governmental Activities For the Year ended December 31, 2011

Functions/Programs	Expenses	Program revenues	Net (Expense) Revenue by Program
General government	\$ 82,897	\$ 44,139	\$ (38,758)
Public safety	269,036	75,610	(193,426)
Public works	5,210	39,007	33,797
Culture and recreation	7,287	-	(7,287)
Health and welfare	16,260	12,777	(3,483)
Community & economic development	138,537	80,160	(58,377)
Interest on long term debt	21,916	-	(21,916)
	<u>\$ 541,143</u>	<u>\$ 251,693</u>	<u>\$ (289,450)</u>
General revenues and transfers supporting governmental activities			<u>485,792</u>
Change in net assets			<u>196,342</u>
Net assets - January 1, 2011			<u>780,065</u>
Net assets - December 31, 2011			<u>\$ 976,407</u>

Summary of Expenses and Program Revenues - Governmental Activities

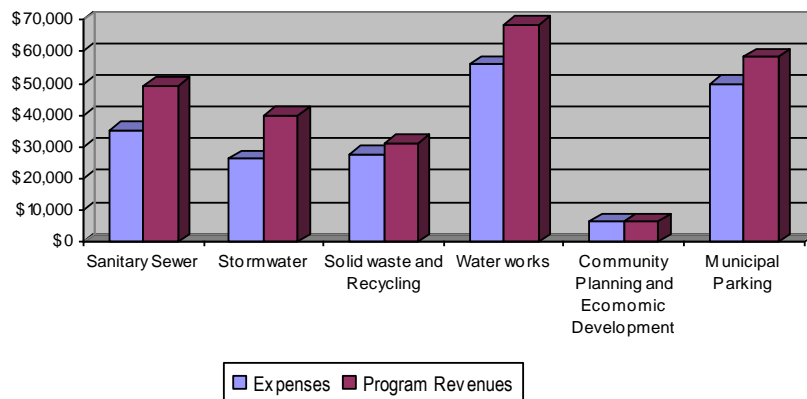


STATEMENT OF ACTIVITIES (cont'd.)

Summary of expenses and program revenues - Business-Type Activities For the Year ended December 31, 2011

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue by Program
Sanitary sewer	\$ 33,659	\$ 48,456	\$ 14,797
Stormwater	24,502	41,936	17,434
Solid waste and recycling	29,784	32,857	3,073
Water works	52,891	69,674	16,783
Community planning & economic development	8,266	7,872	(394)
Municipal parking	46,106	52,687	6,581
	<u>\$ 195,208</u>	<u>\$ 253,482</u>	<u>\$ 58,274</u>
General revenues net of transfers out supporting business-type activities			<u>(17,835)</u>
Change in net assets			<u>40,439</u>
Net assets - January 1, 2011			<u>739,265</u>
Net assets - December 31, 2011			<u>\$ 779,704</u>

Summary of Expenses and Program Revenues - Business-Type Activities



FUND FINANCIAL STATEMENTS and NOTES

- **Fund Financial Statements**
 - **Reflects information by fund or fund type**
 - Governmental Funds
 - Proprietary Funds
 - Fiduciary Funds
 - **Combining statements for Discrete Component Units**
 - **Provides accounting information for major funds in each fund type and the discrete component units.**
- **Notes to the Financial Statements**
 - **Provide additional information essential to a full understanding of the information provided in the government-wide financial statements.**



Other Financial Section Information

- Provides accounting and budgetary information to help ensure and demonstrate finance-related legal and budgetary compliance.
- Required Supplementary Information Other Than MD&A
 - Budgetary information for major governmental funds.
 - Other required schedules and notes.
- Other Supplementary Information
 - Nonmajor funds combining and individual fund statements including budgetary schedules.
 - Schedules of bonds and notes for governmental and business-type activities.
 - Schedule of intergovernmental revenue.
 - Schedule of Expenditures of Federal Awards
 - MBC Financial Statements

